

FILED
APR 13 2007
St. Joseph Superior Court

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CONSENT DECREE

The Plaintiff, State of Indiana, by Attorney General Steve Carter and Deputy Attorneys General David A. Paetzmann and Lisa Ward, and the Defendants, Jonathan Stowe (“Stowe”) and Champion Martial Arts at University, Inc. (“Champion”), hereby agree to entry of a Consent Decree without trial or adjudication of any issue of fact or law herein.

The parties believe it is in their best interest to resolve the issues raised by the State of Indiana and avoid further litigation. This Consent Decree does not constitute an admission by the Defendant of any wrongdoing, nor shall it be construed as abandonment by the Attorney General of his position that the Defendant violated Indiana's Health Spa Services and Deceptive Consumer Sales Acts. The parties consent to entry of a final decree in this proceeding by the Court and accept this Consent Decree as final on the issues resolved herein.

JURISDICTION

1. This Court has jurisdiction and venue over the subject matter of this action and the parties hereto.

2. The State of Indiana's Complaint states a cause of action pursuant to the Indiana Health Spa Services Act, Indiana Code § 24-5-7-1, *et seq.* and the Indiana Deceptive Consumer Sales Act, Indiana Code § 24-5-0.5-1, *et seq.*

3. Defendant Champion is a domestic corporation with a principal place of business in St. Joseph County, located at 6502 Grape Road, Mishawaka, Indiana.

4. Defendant Stowe is the owner and an officer of Champion.

RELIEF ORDERED

5. Defendants, their agents, representatives, employees, successors, and assigns are permanently enjoined from engaging in the following acts in transactions with Indiana consumers:

a. Entering into martial arts contracts with consumers that do not contain the disclosures required by or otherwise comply with the Indiana Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*;

b. Requiring or attempting to require consumers to waive their rights under the Indiana Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*;

c. Representing expressly or by implication that the subject of a consumer transaction has characteristics or benefits it does not have, which Defendants know or should reasonably know it does not have;

d. Representing that a specific price advantage exists as to the subject of a consumer transaction, if it does not and Defendants know or should reasonably know it does not;

e. Representing that a consumer transaction involves or does not involve certain rights, remedies, or obligations, if the representation is false and Defendants know or should reasonably know that the representation is false; and

f. Representing that Defendants are able to complete the subject of a consumer transaction within a stated or reasonable period of time, when Defendants know or reasonably should know they cannot.

6. Defendants further agree to adhere to the following terms when a request is received to cancel a martial arts contract:

a. When a cancellation request is received within thirty (30) days following execution of the contract, Defendants shall immediately cancel the contract and issue a full refund of all money paid under the contract to the consumer within thirty (30) days following cancellation. If the consumer executed any credit or loan agreement to pay for all or part of the cancelled services, that agreement shall also be cancelled and returned to the consumer within thirty (30) days. The refund requirements contained in this subparagraph shall remain in effect during such time as Defendants offer thirty day trial memberships to the public or for three (3) years following court approval of this Consent Decree, whichever is later.

b. When a cancellation request is received more than thirty (30) days following execution of the contract, Defendants shall issue a refund, based on elapsed time, according to the following schedule: cancellation between thirty-one (31) and sixty (60) days – fifty percent (50%) refund; between sixty-one (61) and ninety (90) days – thirty percent (30%) refund; between ninety-one (91) and one hundred twenty (120) days – twenty percent (20%) refund, to the consumer within thirty (30) days following cancellation. If the consumer executed any credit or loan agreement to pay for all or part of the cancelled services, that agreement shall also be cancelled and returned to the consumer within thirty (30) days. The refund requirements contained in this subsection shall remain in effect for three (3) years following court approval of this Consent Decree.

c. Defendants shall provide a copy of the refund policy to each new member at the time the membership contract is signed.

RESTITUTION AND COSTS

7. Defendants acknowledge they have cancelled the contracts of and shall pay consumer restitution, through the Indiana Attorney General's Office, to the following consumers in the following amounts, pursuant to Indiana Code § 24-5-0.5-4(c):

a.	Tami Lekarczyk	\$7,732.32
b.	Ann Simpson	1,894.68
c.	Heather Nash	125.00
d.	Nancy Fouts	1,855.00
e.	Julian Lewiecki	125.00
f.	Shannon Michele	2,437.72
g.	William Myers	2,800.00
h.	Angela Pickenpaugh	1,750.00
i.	Christine Joseph	194.44
j.	Chris Neubauer	125.00
k.	Perry Hampton	907.22
l.	Terrence Haddix	49.00
m.	Keyna Jankoviak	<u>972.20</u>

Total: \$20,967.58

8. Defendants shall pay costs in the amount of Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) to the Office of the Attorney General, pursuant to Ind. Code § 24-5-0.5-4(c)(3).

9. Defendants shall pay civil penalties in the amount of Twenty Five Thousand Dollars (\$25,000.00) to the Office of the Attorney General, pursuant to Ind. Code § 24-5-0.5-4(g) and Ind. Code § 24-5-0.5-8.

CONTINUING JURISDICTION

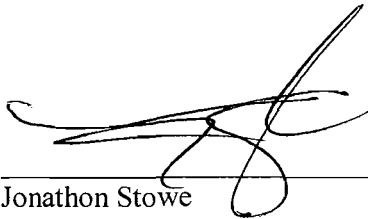
10. For the purpose of enforcing the provisions of this Consent Decree, the Defendants waive any objection regarding the Court's jurisdiction to punish for contempt and agrees to appear on proper notice of a failure to comply with any of the provisions of this Decree.

IN WITNESS WHEREOF, the parties have executed this Consent Judgment this 16th day of April, 2007.

STATE OF INDIANA
STEVE CARTER
Attorney General of Indiana

by: 

David A. Paetzmann
Deputy Attorney General
Attorney No. 6392-23


Jonathon Stowe

CHAMPION MARTIAL ARTS
AT UNIVERSITY, INC.

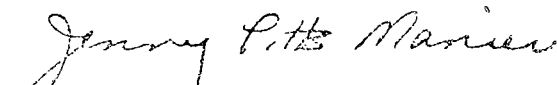
by: 

Jonathon Stowe, President

by: 

Lisa Ward
Deputy Attorney General
Attorney No. 26140-49

ALL OF WHICH IS APPROVED, ORDERED, ADJUDGED AND DECREED
this 19 day of April, 2007.


Judge, St. Joseph Superior Court

Distribution:

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